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THE NORTH WEST LIFE ASSURANCE COMPANY OF CANADA



1968

ANNUAL REPORT

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## HIGHLIGHTS OF 1968

	1968	1967	Increase for the Year
Life Insurance in Force .....	<b>\$123,321,099</b>	\$100,123,655	<b>23.2%</b>
Life Insurance Issued .....	<b>36,101,606</b>	26,116,977	<b>35.9%</b>
Premiums Received from Policyowners: Life .....	<b>1,102,595</b>	970,862	<b>13.6%</b>
Annuities .....	<b>41,888</b>	153,431	<b>-72.2%</b>
Net Investment Income .....	<b>215,286</b>	175,741	<b>22.5%</b>
Totaled .....	<b>1,359,769</b>	1,300,034	<b>4.7%</b>
Of this Sum there was Paid or Set Aside for Policy- owners and Beneficiaries .....	<b>795,788</b>	844,405	<b>- 5.8%</b>
Admitted Assets .....	<b>4,114,176</b>	3,739,564	<b>10.0%</b>
Capital and Surplus Funds .....	<b>1,150,829</b>	1,216,122	<b>- 5.4%</b>



# A MESSAGE TO OUR POLICYHOLDERS AND SHAREHOLDERS

In the forward movement of any company one year inevitably stands out from the rest as decisive and evolutionary. For North West 1968 was that year.

To support and sustain our rapid growth during the past seven years and to provide unexcelled service to our policyholders we developed during 1968 new products, new services and reviewed our future needs with a desire to control our costs, increase our productivity per man and to develop professionalism in all areas. Research and development of plans, systems, controls, products and services predominated our thoughts and actions.

During the year we enhanced our communications system between both policyholders and our field representatives; emphasized quality service and control; introduced programs for the development of professionalism in sales activity and management; analyzed our future needs for electronic computerization and developed new products to meet the demands of young Canadians. Every activity within the company was analyzed to determine whether maximum efficiency was being obtained. Action has been taken to improve the efficiency where possible.

Three of our most exciting developments during 1968 were our Equity Investment Plans, our Computerized Programming Service and our Sales Management Training Program.

The Equity Investment Plans were developed to fulfill the demand of Canadians for a policy which provided both life protection and a common stock investment. Our first Equity policies were designed to satisfy the needs and desires of the young Canadians who compose the greatest portion of our society. We later developed other Equity Plans to fit all sectors of our society. Details of the Equity Plans are discussed on page 10. To date, our sales performance has shown an excellent acceptance of these plans by the public.

Our Computerized Programming Service has been perhaps our greatest development during the year. The service has been made a part of our selection and training program for new agents. By doing this we plan to increase the knowledge and efficiency of our new men and enhance our service to all policyholders. The details of the Computerized Programming Service are covered on page 11 of this report.

The Sales Management Training Program was developed to attract high calibre university

graduates who are looking for an opportunity of growth, independence and advancement through sales management. Our program is composed of study, on the job training, and seminars. The opportunities under the program are unlimited since it has been linked with North West Life's plans for expansion and greater market penetration.

During 1968 our new life sales amounted to \$36,101,606 and our total business in force increased from \$100,123,655 to \$123,321,099. Our premium income on new life sales increased by 18.2 percent over that of 1967. We showed an excellent return on our investments with our net investment income increasing 22.5 percent for the year. Our assets showed a 10 percent increase for the year from \$3,739,564 in 1967 to \$4,114,176.

In all respects 1968 was a challenging year in which we developed specific plans, programs and products so that we could continue the rapid rate of growth which we have experienced during the past seven years.

We at North West Life look forward to another productive and purposeful year in pursuit of our goal to make increasingly more

Canadians financially secure each year. Our new products and financial services will unquestionably be an asset to us in obtaining our goals.



A handwritten signature in dark ink that reads "P. G. Ropchan".

PETER G. ROPCHAN,  
President

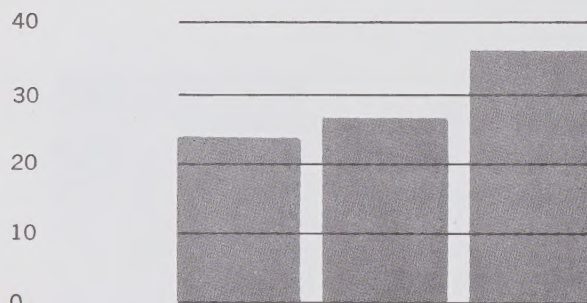
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# SALES REVIEW

## NEW LIFE SALES

Millions of Dollars



	1966	1967	1968
	23.6	26.1	36.1

Total life insurance in force at December 31, 1968 amounted to \$123,321,099 in comparison with \$100,123,655 at December 31, 1967. This represents an increase of 23.2 percent for the year. The graph to the right shows the rapid rate of growth that North West has experienced since 1962.

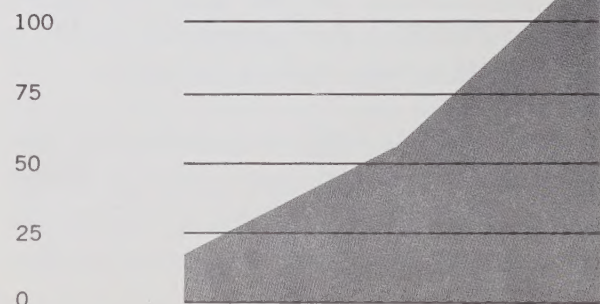
Our rate of growth during the past six years has been excellent by any standard.

We plan to continue our growth within the goals that we have set and look forward to our accomplishment of these goals.

New life sales for the year were \$36,101,606 which represents a 35.9 percent increase for the year. This \$36,101,606 of new life sales for 1968 is greater than any year in the history of the company. The overall quality of the business issued during the year has shown substantial improvement. This increase in both quality and quantity will have the long-term effect of creating greater profitability for the benefit of the policyholders and shareholders of North West Life.

## LIFE INSURANCE IN FORCE

Millions of Dollars



	1962	1965	1968
	12.4	55.8	123.3



# STATEMENT OF OPERATIONS

## STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 1968 (With comparative figures for 1967)

REVENUE:	1968	1967
Premium income .....	\$1,144,483	\$1,124,293
Policy proceeds to purchase settlement annuities .....	—	38,603
Interest and dividends .....	215,286	175,741
Net realized gains on investments .....	24,094	14,575
Net realized gains on company's investment in equity fund .....	5,430	—
Management fee from equity fund .....	928	—
Other income .....	1,364	1,084
	<u>1,391,585</u>	<u>1,354,296</u>

## AMOUNTS PAID OUT OR SET ASIDE.

For policyholders or beneficiaries:

Death and disability claims, matured endowments and annuity payments .....	149,693	135,772
Cash surrender values paid .....	188,143	76,630
Dividends to policyholders .....	43,839	33,548
Interest credited to amounts on deposit .....	13,977	14,161
Other interest paid .....	1,203	2,532
Increase in policy reserves to provide for future claims .....	352,510	567,362
Increase in provision for future dividends to policyholders—Note 4 .....	29,978	14,400
Portion of premium income placed into equity fund .....	14,065	—
	<u>793,408</u>	<u>844,405</u>

## EXPENSES:

General operating .....	258,796	235,158
Agency operating .....	121,384	108,438
Commissions .....	264,180	228,123
Taxes and licences .....	25,328	24,794
	<u>669,688</u>	<u>596,513</u>

Total amounts paid or set aside .....	<u>1,463,096</u>	<u>1,440,918</u>
Net loss from operations .....	<u>\$ 71,511</u>	<u>\$ 86,622</u>

See accompanying notes to financial statements.



# BALANCE SHEET AS A

(With comparative

## ASSETS

1968

1967

Bonds—Federal and Provincial Governments—Note 2 .....	\$1,837,131	\$1,760,963
Bonds—municipal, public utility and other—Note 2 .....	936,604	995,286
Stocks—common—Note 2 .....	151,764	38,532
First mortgages on real estate .....	478,234	76,961
Agreements for sale on real estate .....	22,649	22,819
Collateral loans, secured by the deposit of debentures to the order of the company .....	—	135,000
Loans on policies, secured by cash surrender values .....	198,042	145,703
Short-term notes .....	200,600	200,000
Cash .....	56,436	206,002
Investment income due and accrued .....	53,346	50,377
Insurance and annuity premiums in course of collection .....	85,352	83,685
Segregated equity investment fund .....	81,093	—
Other assets .....	12,925	24,216
	<u>\$4,114,176</u>	<u>\$3,739,544</u>



# DECEMBER 31, 1968

(figures for 1967)

LIABILITIES	1968	1967
Policy reserves which with interest and future premiums are to provide for claims as they fall due .....	\$2,407,353	\$2,054,843
Other obligations to policyholders and beneficiaries:		
Policy dividends left on deposit and premiums paid in advance .....	290,984	273,722
Policy claims awaiting proof .....	33,872	12,262
Provision for future dividends to policyholders—Note 4 .....	109,413	79,435
Other liabilities:		
Mortgages payable on real estate .....	17,093	17,616
Sundry amounts due and accrued .....	88,187	85,544
Segregated equity investment fund .....	16,445	—
Total liabilities to policyholders, beneficiaries and others .....	2,963,347	2,523,422
Capital stock—Note 3:		
Shares of \$2 par value per share. Authorized 500,000 shares; issued 346,824 shares .....	693,648	693,648
Surplus, per accompanying statement—Notes 3 and 5 .....	353,919	484,474
Reserve for security valuation—Note 2 .....	94,044	38,000
Unrealized gain on company's investment in segregated equity investment fund .....	9,218	—
	<u>\$4,114,176</u>	<u>\$3,739,544</u>

Approved on behalf of the Board:

P. G. ROPCHAN, Director

A. LIBIN, Director



# STATEMENT OF SURPLUS

## STATEMENT OF SURPLUS YEAR ENDED DECEMBER 31, 1968 (With comparative figures for 1967)

	1968	1967
Balance at beginning of year—Note 3 .....	\$ 484,474	570,916
Premium arising on issue of capital stock .....	—	111,797
	<u>484,474</u>	<u>682,713</u>
Less:		
Net loss for the year .....	71,511	86,622
Increase in provision for security value reserve .....	56,044	38,000
Furniture and fixtures written off .....	—	56,314
Expenses of acquisition of federal charter and the takeover of Security Life Insurance Company .....	—	17,303
Adjustment to prior year's income .....	3,000	—
	<u>130,555</u>	<u>198,239</u>
Balance at end of year—Note 3 .....	<u>\$ 353,919</u>	<u>\$ 484,474</u>

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 1968

- Statutory insurance accounting principles differ in some respects from generally accepted accounting principles followed by other business enterprises in determining financial position and results of operations. Such differences include:
  - charging new policy acquisition costs against operations in the year incurred rather than amortizing them against the related premium income over the expected policy life with a resulting decrease in reported income during periods of business growth,
  - charging costs of furniture and equipment against operations in the year of purchase rather than amortizing such assets over their useful lives,
  - excluding non-admitted assets from the financial statements, and
  - reporting the statutory reserves as liabilities rather than as appropriated surplus.
- Bonds and debentures are shown on the financial statements at amortized cost, stocks at cost. An investment reserve has been established to provide for the excess of these values over those values prescribed by the insurance law of Canada.
- The surplus consists of \$2,245,777 contributed surplus arising from the issue of shares at a premium less accumulated operating and capital losses.
- At December 31, 1968 employees' options (exercisable up to September 30, 1973) were outstanding for the purchase of 8,375 shares at \$10 per share. In addition, 740 shares are reserved for employee options at \$10 per share.

At December 31, 1968 share purchase warrants (exercisable on or before May 1, 1969) were outstanding for the purchase of 27,000 shares at \$18.25 per share.

- The comparative figures for 1967 have been adjusted by an increase in the provision for future dividends, due to the difference between federal and provincial requirements. Of the \$47,400 increase, \$33,000 was charged to the December 31, 1966 surplus balance and \$14,400 was charged to operations.
- Participation certificates issued by a predecessor company are outstanding in the amount of \$86,042. The company has the right, subject to certain approval, to redeem any or all of such certificates, but is not under obligation to do so.

## AUDITORS' REPORT TO THE SHAREHOLDERS

We have examined the balance sheet of The North West Life Assurance Company of Canada as of December 31, 1968 and the statements of operations and surplus for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the company at December 31, 1968 and the results of its operations for the year then ended.  
Vancouver, British Columbia  
February 4, 1969

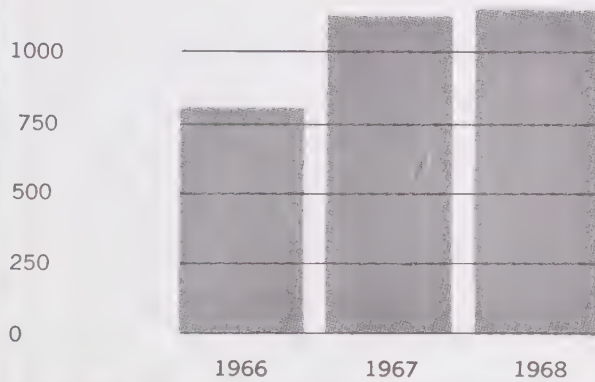
PEAT, MARWICK, MITCHELL & CO.  
Chartered Accountants



# FINANCIAL REVIEW

## PREMIUM INCOME

Thousands of Dollars



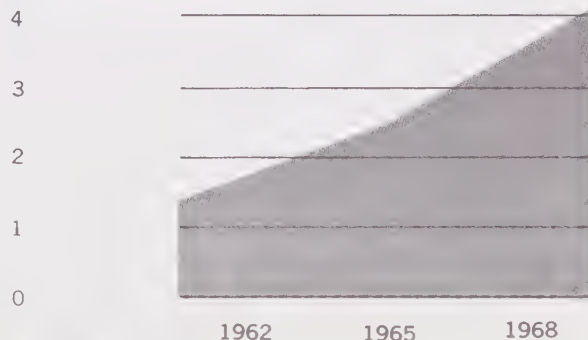
	1966	1967	1968
	813	1124	1144

The total assets at December 31, 1968 were \$4,114,176 as compared to \$3,739,544 at December 31, 1967 which is a ten percent increase for the year. The chart to the right shows the growth of North West's assets for the period 1962-1968. This growth is attributed to by the constant increase in premium income and the investment return on the reserves of the policyholders.

The premium income from individual new life sales for 1968 exceeded 1967 by 18.2 percent. The total premium income for 1968 amounted to \$1,144,483. Life insurance premiums amounted to \$1,102,595 for 1968 in contrast to \$970,862 in 1967 which represents a 13.6 percent increase for the year. Sales of single premium annuity contracts were down in comparison with 1967.

## ASSETS

Millions of Dollars



	1962	1965	1968
	1.39	2.46	4.11

## EQUITY INVESTMENT PLANS

At the beginning of 1968 we introduced a common stock retirement investment life protected contract. This contract was named our Equity Investment Plan and is most commonly referred to as the E.I.P.

The major reason for introducing the Equity Investment Plan was to provide a retirement investment plan which can keep pace with the inflating economy, is life protected and which provides the flexibility of being exchangeable for a fixed-return retirement investment contract. These features are especially appealing to the young people in our economy who have a great number of years until retirement, who are presently experiencing an inflating economy and who are confident that the economy will continue to grow throughout their lifetime. Since the Equity Investment Plans provide the flexibility of exchanging them for a fixed guaranteed return contract, they have the opportunity to change their investment plans if the economy should become depressed.

Of each dollar deposited into an Equity Investment Plan the greatest portion goes to the purchase of units in North West's Segregated Fund. During renewal years at least 80 per cent of each dollar goes towards the purchase of units in the Segregated Fund and in the first year 40 per cent of the renewal deposit goes towards the purchase of units in the Segre-

gated Fund. The remainder covers costs and purchases enough life insurance protection to self-complete the plan if the purchaser should prematurely die.

Each Equity Investment Plan contains the same settlement options as the regular guaranteed retirement life plans, plus the option to take the insurance amount upon death and leave the cash value in the Segregated Fund until such time as the beneficiary wishes to withdraw it.

The sales performance of the Equity Investment Plans has been very good during the year and we anticipate even greater sales performance during 1969.

The investment performance of North West's Segregated Fund during 1968 was excellent. On January 1, 1968 the value of a unit was \$5.00 and by December 31, 1968 the value of a unit had increased to \$6.46. This \$1.46 increase in unit value represents an annual growth rate of 29.2 per cent.



# ND SERVICES

## COMPUTERIZED PROGRAMMING SERVICE

In a desire to enhance our service to present and future policyholders and enable our field force to provide a more professional service, we introduced at mid year our Computerized Programming Service. The service provides an eleven page financial analysis which shows an individual how he should allocate his present earnings if he wishes to maintain his same standard of living throughout his lifetime and for his family in the event of his premature death. In essence the computer works with an individual's present income, investments and net assets to construct an ideal balance between savings and expenditures.

The ideal balance which the computer provides takes into consideration every possible source of income which would be available to an individual. Some of these sources are the Canadian Pension Plan Benefits, private pension plan benefits, group life insurance, as well as personal savings and investments. The computer takes all the data obtained from an individual and calculates his present standard of living. His present standard of living is then compared against the average standard of living maintained by Canadians in the same income group with the same number of dependents. Comparisons and calculations are continuously made by the computer until the most reasonable

balance is obtained. The balance is called the Ideal Balance.

Each program is completely personalized to an individual's circumstances and, therefore, no two programs will ever be identical. The Canadian Vital Statistics which are in the Computer Program are used only for comparative purposes and as a norm for the balancing process. Since an individual's circumstances often change from year to year we have set up a system to update an individual's financial analysis every two years. In this way individuals who avail themselves to this service will constantly have a valid financial analysis.

The eleven page financial analysis would take a skilled consultant between thirty and forty hours of manual calculations. Most individuals would find the cost of such an analysis somewhat prohibitive. However, with the aid of an electronic computer we are able to effect this thirty to forty hours of manual calculations in a matter of seconds and offer the financial analysis to the clients of our field representatives free of charge.

We are confident that every family unit needs a financial plan which properly allocates earnings so that the family unit can always maintain the standard of living that they have been accustomed to living. Our future years will undoubtedly show more Canadians availing themselves to our Computerized financial analysis.

# BOARD OF DIRECTORS



Einar M. Gunderson  
F.C.A., Vancouver  
*Chairman of the Board  
Executive Vice-President  
and Director, The Pacific  
Great Eastern Railway*



Peter G. Ropchan  
Vancouver, President



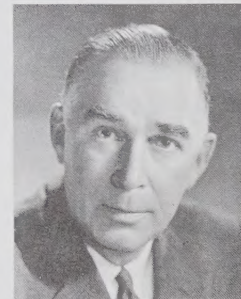
Alvin Libin  
Calgary, Vice-President  
Vice-President, Domestic  
Finance Co. Ltd.



D. R. Annett  
Toronto, Vice-President  
President, Annett & Co. Ltd.  
and Allied Companies



Sidney L. Buckwold  
Mayor, Saskatoon  
Director of Saskatchewan  
Power Corp.  
General Manager  
Buckwolds Ltd.



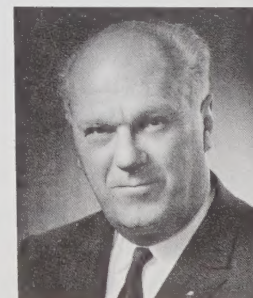
Clayton Delbridge  
Vancouver  
*Chairman of the Board,  
Sun Publishing Co. Ltd.*



Ralph J. Leonard  
Lethbridge  
President, Leonard Tire  
Mart Ltd.



G. Blair Nelson  
Vice-President A. A. Murphy  
Ltd., Saskatoon, Director  
Saskatchewan Mutual  
Insurance Company  
Director  
Labatts Saskatchewan Ltd.



Capt. H. J. C. Terry  
Vancouver  
President, Potter  
Distilleries Ltd.



## COMPANY OFFICERS

**Einar M. Gunderson, F.C.A.**  
Chairman of the Board

**Peter G. Ropchan**  
President

**Alvin Libin**  
Vice-President

**D. R. Francis, F.S.A.**  
Actuary and Assistant  
General Manager

**A. W. Putz, C.G.A.**  
Secretary-Treasurer

**J. B. Watson, L.L.B.**  
Assistant Secretary

**Fred B. Griffin**  
Controller

**E. R. Aird**  
Agency Secretary

**P. M. Rebbeck, M.B., Ch.B., F.R.C.S.(C)**  
Medical Director

## SALES OFFICES

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### BRITISH COLUMBIA

**Vancouver Branch**  
Manager

**Oakridge Insurance Agencies Ltd.**  
Vancouver

**B. P. Balanced Program Ltd.**  
Vancouver

**Jasco Insurance Managers Ltd.**  
Victoria

**Skarvig and Rouanzoin  
Insurance Consultants Ltd.**  
Nanaimo

### ALBERTA

**Edmonton Branch**  
Manager - Jack Saunders

**Red Deer Branch**  
Manager - Al Ferguson

**Calgary Branch**  
Manager - Peter Streukens

**Thibaudeau Agencies Ltd.**  
Edmonton

### SASKATCHEWAN

**Saskatoon Branch**  
Manager - Ed Leshenko

